REMARKS

Claims 1, 3-5, 8-10 and 12-24 are pending in the application.

The rejections based on Section 112 paragraph 1 are believed ill-founded, as set forth in prior responses. (Briefly, the Examiner has disregarded the familiar adage that a patent specification need not teach, *and preferably should omit*, subject matter that is familiar to artisans in the field. A detailed exposition of these well known elements would inappropriately lengthen the specification and burden the reader.)

The rejection based on Section 112 paragraph 2 is also traversed. Applicants submit that it is proper to introduce "steganographically encoded information" term in the manner set forth in claim 5, and that such usage does not render the claim indefinite. The Examiner's apparent view that claim terms must be defined in the claims is a burden not imposed by law or regulation.

Claim 10 has been rewritten to include the limitation of claim 11, which has been canceled. Dependent claims 12-20 are newly added.

Claims 1-4, 6, 7 and 9 stand rejected over Faulkerson (4,804,949) in view of Bejnar (5,484,998). Claims 2, 6 and 7 have been canceled.

The rejection of claim 1 is well taken. This claim remains pending simply to serve as a basis for its remaining dependent claims. Upon the indication of allowable subject matter in such dependent claims, those claims will be rewritten in independent form, and claim 1 will be canceled.

Faulkerson (4,804,949) is understood to disclose a combined hand-held optical camera and computer mouse. The system has two modes. In one, optical sensor data from the camera is used to infer X-Y- movement data of the mouse. In the second, the optical sensor data from the camera is instead used as the input to an optical character recognition (OCR) processor. Buttons on the exterior of the mouse switch it from X-Y positioning mode to OCR mode.

Claim 4 has been amended to emphasize a limitation that was already present from claim 1, namely that the "circuitry" is disposed within the housing. Such an arrangement is properly patentable over Faulkerson.

The Faulkerson mouse outputs composite video (image) data. It does not – itself – perform OCR. Instead, the OCR processor 230 is located in a separate controller module 200.[1] The mouse is connected to the controller module through an umbilical cord 131.[2] The textual character data decoded by the OCR processor are relayed to an associated computer as keyboard signals.[3] Thus, moving the mouse over printed text produces keyboard instructions corresponding to the printed character text.

Fig. 9B of the Faulkerson patent is reproduced below. It shows that only composite video is transmitted on the umbilical cord 131 between the mouse 120 and the controller module 200. The diagram also shows – by the dashed lines around module 200 and the mouse 120 – that the OCR processor (230) and the optical sensor ("OCR Mouse/Camera") are in different housings linked by the umbilical cable.
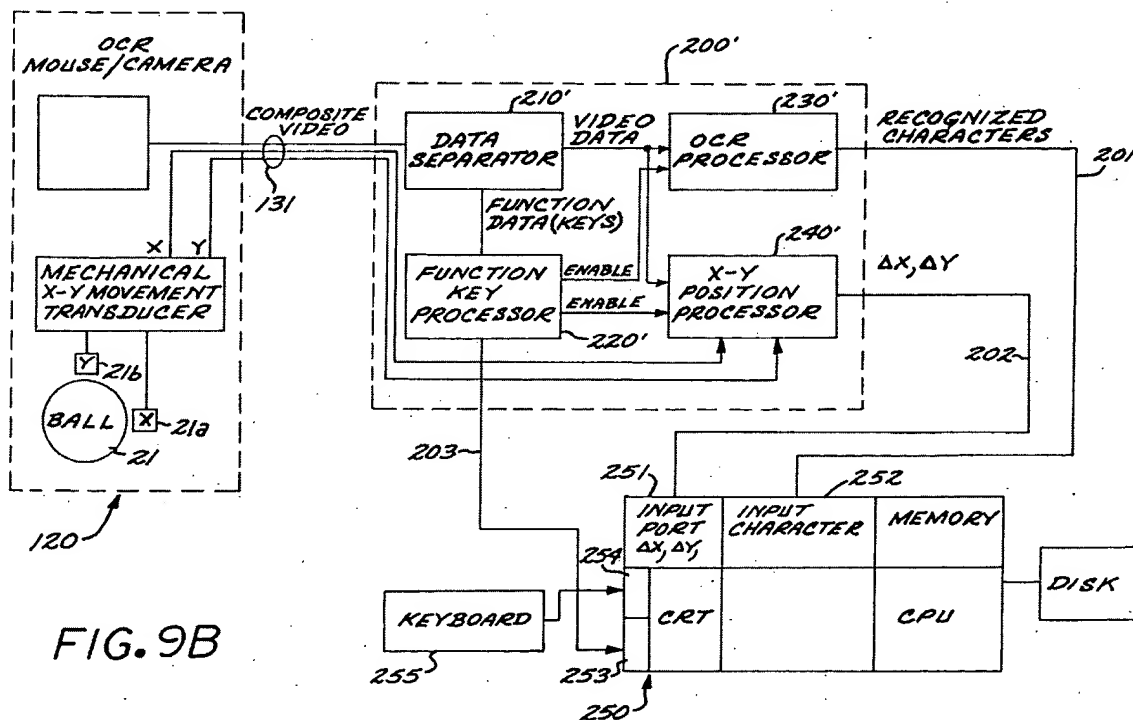

FIG. 9B

In view of the foregoing, it will be seen that Faulkerson teaches an artisan an arrangement that is the opposite of that specified in claim 4. That is, instead of producing

---

[1]   Faulkerson, col. 7, lines 18-21.
[2]   *Ibid*; Fig. 9B.
[3]   Faulkerson, col. 8, lines 6-9

multi-bit information from the image signals in the handheld housing, Faulkerson teaches that such processing is performed in a different unit. Thus, an artisan confronted with Faulkerson would be led <u>away</u>, not towards, the invention defined by claim 4.

Claim 3 has been amended to depend from claim 4. Again, Faulkerson does not teach or suggest (and in fact leads away) from analyzing the image signals using circuitry in the housing, and then wirelessly relaying resultant output data from the peripheral.

Claim 8 has been amended to emphasize this same distinction over Faulkerson, i.e., the housing containing Faulkerson's sensor does not include his decoding circuitry.

New dependent claims are added to more fully protect applicants' inventive work.

The Examiner's attention is drawn to the following co-pending applications, which concern generally related subject matter. (The undersigned understands that PTO policy discourages listing such non-published art in a usual IDS, because such documents are not generally available to the public.)

S/N	Notes
09/314,648	Issue fee paid 9/03; Ex'r Patel, AU 2625
09/342,971	Appealed; then non-final action issued; Ex'r Lastra; AU 3622
09/343,101	On appeal; Ex'r Lesperance, AU 2674
09/543,125	On appeal, Ex'r Hess, AU 2876
09/571,422	In examination, Ex'r Campbell, AU2178
09/679,262	In examination, Ex'r Thompson, AU 3625

Favorable reconsideration is requested.

Date: December 19, 2003

Customer Number 23735

Phone: 503-885-9699
FAX 503-885-9880

Respectfully submitted,

DIGIMARC CORPORATION

By_____
William Y. Conwell
Registration No. 31,943